

**REMARKS**

Reconsideration of the Application is respectfully requested.

**I. Status of the Claims**

Claims 1, 2, 38-41, 77-80, 82, 84, and 89-91 were previously cancelled without prejudice or disclaimer of the subject matter therein.

Claims 3-37, 42-76, 81, 83, and 85-88 are pending.

Applicants have not amended the claims, but present them as a courtesy to the Examiner.

**II. Rejections Under 35 U.S.C. §§ 102 and 103**

Claims 3-17, 19-36, 42-56, 58-75, 81, 83, 85, 87, and 88 are rejected under 35 U.S.C. § 102(e) as anticipated by U.S. Patent No. 5,910,987 to Ginter et al. (“Ginter”). Claims 18, 37, 57, 76, and 86 are rejected over Ginter, in view of Liquid Audio’s *Liquid Audio Music-On-Demand System*, dated October 10, 1997 (“Liquid Audio”). Applicants respectfully traverse the rejections.

Applicants respectfully submit that Ginter does not disclose all of the elements of the claims. As stated previously, Ginter contains approximately 500 pages of text and illustrations. The core concept of Ginter is a “virtual distribution environment” (VDE) that is a secure environment for distributing content and rights (“rights” are also referred to as “rules and controls”). Around this VDE concept is a huge list of possible variations in electronic commerce that can be implemented in VDE. The VDE concept can be used to design many different types of secure electronic commerce systems but the description of individual concepts does not equal every different type of system that

can be built on such concepts. The elements need to be taken in context and assembled as one of ordinary skill in the art would be taught to do so.

For example, as a simplistic estimate, if approximately half of Ginter's illustrations disclose a single embodiment, there are approximately 75 different embodiments. Chosen at random, one of ordinary skill in the art can create approximately  $2.5 \times 10^{109}$  different variations of Ginter's elements (75 factorial (!)). Claim 1 only has 6 elements, and the probability that one of ordinary skill, without any teaching or suggestion, would pick certain elements in Ginter over others, to make the presently claimed invention, is astronomically small.

Secure distribution environments and systems were described and built before Ginter. The concepts of protecting content and delivering rights separately from the protected content were also described and implemented before Ginter. As a matter of fact, the majority of the components that Ginter describes were invented before Ginter. If one gives Ginter's description broad interpretation and a "benefit of the doubt" where Ginter does not specifically describe something, practically any secure electronic commerce system can be attributed to Ginter. But, since many secure electronic commerce systems existed prior to Ginter, such an interpretation leads to wrong conclusions and a reading of Ginter that is impermissible. The Federal Circuit has stated that for "a prior art reference to anticipate in terms of 35 U.S.C. § 102, every element of the claimed invention must be identically shown in a single reference. These elements must be arranged as in the claim under review." *In re Bond*, 910 F.2d 831, 832 (Fed. Cir. 1990) (internal citations omitted) (emphasis added).

The Federal Circuit's guidance is especially important when one of ordinary skill reads and interprets Ginter. In reading Ginter, context is important because taking phrases out of Ginter, without specific context in which they were used, gives Ginter an overly broad interpretation

unsupported by the disclosure. Giving Ginter a broad meaning outside the scope of the described embodiments is beyond how one of ordinary skill in the art at the time the invention was made would interpret the disclosure. Applicants contend that Ginter must be interpreted more narrowly, according to the described embodiments because one of ordinary skill in the art would not understand the disclosure otherwise. In other words, if Ginter's concepts can be used to create a system X but X is not described in that context, the claimed system including X is not described or inherent in Ginter. While Ginter's language is purposely trying to be as broad as possible, the description only provides a teaching for a "linear" system where content and rights "flow" downstream, from the creator through the retailer to the consumer.

Ginter teaches protected "containers" traveling throughout his system for protecting the content. Ginter further discloses that, generally, rights are delivered with the content but can be delivered separately. The secure VDE environment allows the rights to be modified (and/or added to) by downstream value chain participants. In contrast, the invention embodied in the claims is designed to have a "feedback loop" whereby the most current applicable rules are applied to the transaction. This is recited in the claims as "dynamically updating the predefined upstream business rule parameters." The structures that embody the concepts are content references and a Reference Service that is designed specifically to house the current business rules and apply them on demand. VDE concepts, using impermissible hindsight, may be used to design such a system, but Ginter does not specifically describe or suggest it. Hindsight, in this manner, is impermissible. The Federal Circuit instructs in *Interconnect Planning Corp. v. Feil*, 774 F.2d 1132 (Fed. Cir. 1985) that it is an error to reconstruct the patentee's claimed invention from the prior art by using the patentee's claim as a 'blueprint.' When prior art references require selective combination there must be some reason

for the combination other than hindsight. Applicants submit that the Examiner is taking out-of-context statements and attributing to Ginter meanings that are not specifically taught, suggested or inherent. As pointed out above, with such approach, any electronic commerce system may be found in Ginter.

Given the above, Applicants below point to specific citations from Ginter used by the Examiner as support to reject certain elements. Applicants respectfully traverse the meanings by providing the surrounding context of the citation.

Regarding the independent claims 3, 42, 81, 83, and 85-87, the Examiner, in the Office Action dated August 1, 2005, paper no. 20050724, on page 6, second bullet point, relies on Ginter, col. 131, lines 12-25 (emphasis added) as support for anticipating the “formulating” step:

One use of traveling objects is the publishing of software, where the contained permission record(s) may allow potential customers to use the software in a **demonstration mode**, and possibly to use the full program features for a limited time before having to pay a license fee, or before having to pay more than an initial trial fee. For example, using a time based billing method and budget records with a small pre-installed time budget to allow full use of the program for a short period of time. Various control methods may be used to avoid misuse of object contents. For example, by setting the minimum registration interval for the traveling object to an appropriately large period of time (e.g., a month, or six months or a year), users are prevented from re-using the budget records in the same traveling object.

Applicants submit that the above quote describes content that can be viewed in a demonstration mode, not formulating an offer separate from the content. The context of this section is a traveling object that has content plus rules for using it, not formulating offers. This is contrary to the formulating step.

The second bullet point (*id.*) also relies on Ginter, col. 250, lines 20-67 (graphic omitted):

In the above example, process A first specifies that it desires the right to read the book without restrictions or other information release. This starting position is

specified as a rights option in the PERC that process A is using as a rule. Process B checks its rules and determines that an unrestricted right to read is indeed permitted for a price of \$50. It replies to process A that these terms are available. Process A receives this reply and checks it against the control set in the PERC it uses as a rule base. The \$50 is outside the \$10 limit specified for this control set, so Process A cannot accept the offer. It makes a counter offer (as described in another optional rights option) of an unrestricted right to read coupled with the release of the reader's name and address. The name and address fields are described in a DTD referenced by Process A's PERC. Process B checks its rules PERC and determines that an unrestricted right to read combined with the release of personal information is a permitted option. It compares the fields that would be released as described in the DTD provided by Process A against the desired fields in a DTD in its own PERC, and determines an acceptable match has occurred. It then sends an offer for unrestricted rights with the release of specific information for the cost of \$5.50 to Process A. Process A compares the right, restrictions, and fields against its rule set and determines that \$5.50 is within the range of \$5-\$6 described as acceptable in its rule set. It accepts the offer as made. The offer is sealed by both parties "signing" a new PERC that describes the results of the final negotiation (unrestricted rights, with release of user information, for \$5.50). The new PERC may be used by the owner of Process A to read the content (the book) subject to the described terms and conditions.

The above is cited as support for anticipating the formulating step. However, Ginter is describing automated negotiations between non-contracted parties attempting to form a contract. "Offers," as used in the claims and defined in the Specification, are the terms of use or "rules" for using the content, not negotiation points that can be taken and given in negotiation before a rule is created. Applicants submit that the Examiner has interpreted the above citations out of their context and out of the context one of ordinary skill in the art would understand Ginter's disclosure to encompass.

The Examiner, in the Office Action dated August 1, 2005, paper no. 20050724, on page 7, second bullet point, contends that Ginter discloses the dynamic updating step. Ginter, col. 289, lines 34-56:

For example, if an end user has obtained a VDE content container with an overall control structure that includes an option that records of the number of times that certain types of accesses are made to the container and further bases usage fees on

the number of such accesses, and another option within the overall control structure allows the end user to base the fees paid for access to a particular container based on the length of time spent using the content of the container, and the end user did not originally receive controls that would support this latter form of usage, the repository may deliver such controls at a later time and when requested by the user. In another example, an author may have made changes to their control structures (e.g. to reflect a sale, a new discounting model, a modified business strategy, etc.) which a user may or must receive in order to use the content container with the changed control structures. For example, one or more control structures associated with a certain VDE content container may require a "refresh" for continued authorization to employ such structures, or the control structures may expire. This allows (if desired) a VDE content provider to periodically modify and/or add to VDE control information at an end user's site (employing the local VDE secure subsystem).

One of ordinary skill would understand that the above example describes a method where the end user "side" requests an update to the rules (permissions and /or controls) the user already has. The update can be requested by the user or by the pre-programmed software. In contrast, the "dynamically updating" step does not send updates to the user. Ginter's disclosed control mechanism is different than that claimed for the present invention.

The Examiner, in the Office Action dated August 1, 2005, paper no. 20050724, on page 8, second bullet point, relies on Ginter, col. 5, lines 28-39 and col. 8, lines 17-32 to reject the "delivery" step:

The VDE securely administers transactions that specify protection of rights. It can protect electronic rights including, for example:

- (a) the property rights of authors of electronic content,
- (b) the commercial rights of distributors of content,
- (c) the rights of any parties who facilitated the distribution of content,
- (d) the privacy rights of users of content,
- (e) the privacy rights of parties portrayed by stored and/or distributed content, and

(f) any other rights regarding enforcement of electronic agreements. ...

VDE allows electronic arrangements to be created involving two or more parties. These agreements can themselves comprise a collection of agreements between participants in a commercial value chain and/or a data security chain model for handling, auditing, reporting, and payment. It can provide efficient, reusable, modifiable, and consistent means for secure electronic content: distribution, usage control, usage payment, usage auditing, and usage reporting. Content may, for example, include:

financial information such as electronic currency and credit;

commercially distributed electronic information such as reference databases, movies, games, and advertising; and

electronic properties produced by persons and organizations, such as documents, e-mail, and proprietary database information.

Applicants submit that neither quote above is enabling to one of ordinary skill in the art. Both illustrate Ginter's overreaching language without the enabled embodiments to support it.

Regarding the elements of claim 4, the Examiner, in the Office Action dated August 1, 2005, paper no. 20050724, on page 9, first bullet point, relies on Ginter, col. 40, lines 18-29:

[S]upport certification processes that ensure authorized interoperability between various VDE installations so as to prevent VDE arrangements and/or installations that unacceptably deviate in specification protocols from other VDE arrangements and/or installations from interoperating in a manner that may introduce security (integrity and/or confidentiality of VDE secured information), process control, and/or software compatibility problems. Certification validates the identity of VDE installations and/or their components, as well as VDE users. Certification data can also serve as information that contributes to determining the decommissioning or other change related to VDE sites.

Applicants submit that the above describes certification of VDE instances. The present claims recite validating rules against the business rules database. These are different functions and steps and the above does not read on the claimed elements since the above quote does not relate to offer verification. Ginter is describing above how to verify and certify different VDE providers.

Regarding claim 5, the Examiner, in the Office Action dated August 1, 2005, paper no. 20050724, on page 9, second bullet point, relies on Ginter, col. 45, line 58 to col. 46, line 64 to reject the “referencing” step. In this section Ginter is describing how VDE technology can support business agreements. The Specification describes capturing business agreements in an electronic form without necessarily using VDE security mechanisms. *See*, Specification, page 19, lines 1-5. Claim 5 recites comparing offers against the electronically-expressed contracts to check the offers. There is no equivalent in Ginter. Ginter, column 46, lines 6-14 specifically describes:

The evolution of control information can occur during the passing along of one or more VDE control information containing objects, that is control information may be modified at one or more points along a chain of control information handling, so long as such modification is allowed. As a result, VDE managed content may have different control information applied at both different "locations" in a chain of content handling and at similar locations in differing chains of the handling of such content.

Applicants submit that Ginter describes a linear process where the control information gets updated along the value chain. In contrast, claim 5 recites a feature wherein e-contracts are centrally stored and referenced as needed.

Further, regarding claim 5, the Examiner, in the Office Action dated August 1, 2005, paper no. 20050724, on page 9, third bullet point, relies on Ginter, col. 14, lines 14-16, to anticipate the “determining” the consistent offer step: “VDE provides important mechanisms for both enforcing commercial agreements and enabling the protection of privacy rights.” Also, Ginter col. 45, line 23 to col. 46, line 64 discusses agreements as well. Applicants submit that Ginter discloses enforcing agreements, not validating offers.

Regarding claims 6 and 7, the Examiner, in the Office Action dated August 1, 2005, paper no. 20050724, on page 9, fifth and sixth bullet, relies on Ginter, col. 250, lines 20-67 (see above) as support to reject elements of the claims. Again, Applicants submit that Ginter is describing a negotiation, not an offer replacement. Ginter does not enable offer replacement. Further, Ginter does not describe default offers, even though they maybe possible in the VDE architecture, but only with improper hindsight.

Regarding claim 8, the Examiner, in the Office Action dated August 1, 2005, paper no. 20050724, on page 10, first bullet, again relies on Ginter, col. 250, lines 20-67 (see above) and Applicants again submit that Ginter is disclosing negotiation, not validation. Applicants further submits that Ginter, col. 156, line 36 through col. 157, line 67 only discloses the validation of data integrity, not validation of control information against the latest business rules.

Regarding claim 11, the Examiner, in the Office Action dated August 1, 2005, paper no. 20050724, on page 10, fourth bullet, relies on Ginter, col. 289, lines 45-56 to reject the claim. As argued above, one of ordinary skill would understand from Ginter's disclosure a method where the end user "side" requests an update to the rules (permissions and /or controls) the user already has. The update can be requested by the user or by the pre-programmed software. In contrast, the "dynamically updating" step does not send updates to the user.

Regarding claim 14, the Examiner, in the Office Action dated August 1, 2005, paper no. 20050724, on page 11, third bullet, relies on Ginter, col. 55, lines 14-37, col. 52, lines 30-35 and {W:\09386\100f051us1\00619072.DOC [REDACTED] }

Figure 2 to anticipate the “verify the current validity” step. Claim 14 recites an element of the invention whereby the latest offer is made available and process does rely on rules being able to be delivered separately from the content. However, Ginter’s disclosure and ability of separate delivery does not directly imply the mechanism claimed.

Regarding claim 31, the Examiner, in the Office Action dated August 1, 2005, paper no. 20050724, on page 14, third bullet, relies on Ginter, col. 279, lines 29-54 (particularly lines 38-45 – emphasized):

Some VDE participants may create or provide content and/or VDE content container objects, and then store content and/or content objects at a repository so that other participants may access such content from a known and/or efficiently organized (for retrieval) location. For example, a VDE repository (portion of a VDE repository, multiple VDE repositories, and/or providers of content to such repositories) may advertise the availability of certain types of VDE protected content by sending out email to a list of network users. *If the network users have secure VDE subsystems in their electronic appliances, they may then choose to access such a repository directly, or through one or more smart agents and, using an application program for example, browse (and/or electronically search) through the offerings of VDE managed content available at the repository, download desirable VDE content containers, and make use of such containers.* If the repository is successful in attracting users who have an interest in such content, VDE content providers may determine that such a repository is a desirable location(s) to make their content available for easy access by users. If a repository, such as CompuServe, stores content in non-encrypted (plaintext) form, it may encrypt "outgoing" content on an "as needed" basis through placing such content in VDE content containers with desired control information, and may employ VDE secure communications techniques for content communication to VDE participants.

Applicants submit that this is not equivalent to the claimed content reference. A content reference is a pointer to the content and Ginter does not disclose content references as defined by the present invention. The description of content references can be found in the Specification on page 62, line 10 to page 70, line 19. Specifically,

[a] content reference can be thought of as an address or pointer to content and is the mechanism to refer to content indirectly. A content reference contains a small amount of descriptive information about a piece of content. This descriptive information contains sufficient information to allow a consumer with a Consumer Player to determine what the content is and how to get to the content, but does not contain the actual content.

Specification, page 63, lines 3-8. Descriptions of how a content reference interacts with the other elements of the invention are throughout the Specification:

A reference to each content as packaged in the containers is created to facilitate retrieving the content ... References for the content may take the form of encapsulated files which are processed by the Consumer Players. The content reference can reside anywhere in the system and can be transmitted in super-distribution (e.g., as e-mail attachments). The content reference files generally have "secure areas" to protect against theft or tampering of the enclosed information. ... As noted above, References identify content and do not contain Offers ... [and] a content identification object that does not have a valid Offer is resolved into one that does have a valid Offer. ... Generally the references do not have price information ... When the consumer chooses one of the references, the Consumer Player contacts the appropriate Reference Service with a request to resolve the reference. The Reference Service returns a retail offer to the consumer for the content specified by the reference. ... The content reference contains information on how to find content objects.

Specification, page 13, lines 13-14; page 27, line 3-8; page 29, lines 11-12; page 37, lines 2- 10; and page 38, line 12. Further, content references do not contain content; they are only a reference to content. In contrast, Ginter neither teaches nor suggests a reference to the content that does not contain some or all of the content.

Applicants submit that the above examples are an indication of how the Examiner has taken Ginter's disclosure out of context and provided it impermissible breadth utilizing hindsight. Additionally, in contrast to the teachings of the Federal Circuit, the disclosure that the Examiner relies upon is widely dispersed through the 300+ columns of Ginter. The elements used to support

the rejection of claim 3 span from column 5 to column 289 with reference to numerous columns in between. One of ordinary skill in the art would not take particular elements from separate and distinct embodiments crisscrossed throughout Ginter and combine them into the claimed system and method without impermissible hindsight.

Regarding claims 9, 10, 12, 13, 15-30, 32-37, and 43-76, and 88, the claims depend on the independent claims and are allowable based at least on the arguments above and their dependence to the independent claim.

### CONCLUSION

In view of the above amendment, applicant believes the pending application is in condition for allowance.

Dated: January 3, 2006

Respectfully submitted,

By   
Louis J. DelJudice  
Registration No.: 47,522  
DARBY & DARBY P.C.  
P.O. Box 5257  
New York, New York 10150-5257  
(212) 527-7712  
(212) 527-7701 (Fax)  
Attorneys/Agents For Applicant